

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of

1998 Biennial Regulatory Review -- Streamlined
Contributor Reporting Requirements Associated
with Administration of Telecommunications
Relay Services, North American Numbering Plan,
Local Number Portability, and Universal Service
Support Mechanisms

CC Docket No. 98-171

COMMENTS OF LOCKHEED MARTIN IMS

Lockheed Martin IMS ("LMIMS") submits comments in response to the Notice of Proposed Rulemaking ("NPRM") and Notice of Inquiry ("NOI") released September 25, 1998,¹ in the above-captioned proceeding. As the North American Numbering Plan Administrator ("NANPA") and the local number portability administrator ("LNPA") for all seven local number portability regions, LMIMS has a significant interest in this proceeding.

I. INTRODUCTION

LMIMS supports the Federal Communications Commission's ("FCC" or the "Commission") efforts to streamline and harmonize the data collection requirements for telecommunications service providers. The varied reporting requirements, forms, and filing schedules for each of the Telecommunications Relay Services, the North American Numbering Plan, local number portability, and universal service cost recovery and support

¹ See 1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Notice of Proposed Rulemaking and Notice of Inquiry, CC Docket No. 98-171, FCC 98-233 (September 25, 1998).

mechanisms place duplicative and unnecessary burdens on telecommunications service providers. To the extent possible, such regulatory burdens should be eliminated or reduced.

LMIMS agrees that a single unified form and filing schedule for data collection would reduce significantly the burdens and costs to both service providers and the Commission in collecting the necessary data for determining service provider contributions for the above-referenced cost recovery and support mechanisms.² Moreover, implementation of an electronic filing system would improve generally the accuracy and efficiency of data collection.

LMIMS concurs that basing service provider contributions for each fund on the same revenue data, *i.e.*, end-user telecommunications revenues, will facilitate a unified data collection scheme.³ In addition, LMIMS supports the concept of a single billing and collection agent, as set out in the NOI, for services other than local number portability.⁴

Although LMIMS supports the Commission's proposed approach to a unified data collection procedure, we urge the Commission to reconsider a number of its billing proposals as they would apply to local number portability. First, unlike the costs related to the other three funds identified in this proceeding, local number portability costs are variable and do not lend themselves to a single contribution factor.⁵ In addition, if the Commission utilizes an electronic filing system to facilitate "online" calculations of service providers' contributions and service provider billing,⁶ it will be unable to use the system for local number portability billing and collection functions.

² *NPRM* at ¶ 2.

³ *See NPRM* at ¶ 33.

⁴ As discussed below, the assignment of local number portability billing and collection functions to an entity other than LNPA will not prove cost-effective for the industry.

⁵ *See NPRM* at Appendix A ¶ 4.

⁶ *See NPRM* at ¶ 60.

II. THE LOCAL NUMBER PORTABILITY COST STRUCTURE REQUIRES INDIVIDUALIZED CUSTOMER TREATMENT FOR BILLING AND COLLECTION OF SERVICE PROVIDER CONTRIBUTIONS

Although the Commission's initiative addressing uniform data collection presents clear benefits for the four funds at issue, the proposals should not be extended to the billing and collection procedures for local number portability.

A. A Reliable Industry-Wide Contribution Factor Cannot Be Readily Calculated For Local Number Portability Contributions

The Commission's proposals correctly assume that a fixed, readily identifiable cost and revenue structure for the TRS, NANPA and universal service mechanisms exists for which a single contribution factor can easily be calculated. The billing and collection function for local number portability, however, is based on negotiated contracts that provide for ongoing direct delivery of services to individual telecommunications service providers. These characteristics do not readily lend themselves to a simple universal billing solution. The Commission proposals,⁷ however, anticipate that an allocation factor can be calculated for local number portability on an annual basis and applied against a predictable annual shared cost in fulfillment of the Commission's Local Number Portability Cost Recovery Order.⁸ The Commission's proposal might work for the calculation of local number portability contributions if there were a fixed "shared cost" payable by the industry generally (an "Industry Cost") that is independent of the fixed and variable costs directly attributable to usage by the individual service providers that interface directly with the local number portability system ("Direct Charges"). These Direct Charges will vary not only year-to-year, but also month-by-month and region-by-region.

The pricing mechanism for the local number portability system negotiated with the seven different regional Limited Liability Companies ("LLCs"), however, provides for

⁷ See NPRM Appendix A at ¶ 4.

⁸ See *Telephone Number Portability*, 13 FCC Rcd 11701 (1998).

usage based pricing. Under the usage based pricing mechanism, the overall system cost from which the Industry Cost will ultimately be derived will vary depending upon usage of the system by service providers and the level of Direct Charges. Consequently, no single element of the local number portability pricing constitutes an Industry Cost that is not impacted by Direct Charges attributable to individual service providers and usage of the system. Any attempt to estimate the amount that will constitute the Industry Cost for the forthcoming year will undoubtedly be an imprecise “guesstimate” and will disadvantage either the LNPA (where usage trends are higher than anticipated or Direct Charges are lower than anticipated) or the telecommunications service providers (where actual usage trends fail to rise to the anticipated levels or Direct Charges are higher than anticipated).

Consequently, because neither an absolute dollar amount for the entire service nor that portion payable by the industry generally may be accurately predicted, any advance estimation of Industry Charges for a given year will not be made with a level of certainty that reasonably reflects a fair approximation and allocation of the costs to be borne by the industry on a competitively neutral basis as required in the Commission’s Local Number Portability Cost Recovery Order.⁹ A better approach, as discussed below, would allow the LNPA to structure a billing and collection mechanism that addresses the unique customer service-oriented nature of the local number portability system.

B. An Electronic Data Collection System Cannot Properly Be Used For Billing And Collection Of Local Number Portability Contributions

LMIMS supports the Commission’s proposals to create a simple, unified billing and collection system for services other than local number portability and agrees that electronic filing will reduce data entry expenses, reduce confusion, and could facilitate the monitoring of data accuracy.¹⁰ LMIMS respectfully disagrees, however, that “electronic filing software

⁹ *Id.* at 11701.

¹⁰ *NPRM* at ¶ 60.

could eventually calculate . . . [local number portability] contributions for filers.”¹¹ As noted above, the variable nature of the cost structure and billing procedures for local number portability will not produce an acceptable degree of accuracy in determining the contribution level for a given service provider at a given time. Therefore, the Commission will not be able to transition successfully the proposed online data collection system into an online billing system for local number portability.

C. Transfer Of Local Number Portability Billing And Collection Functions To A Third Party Will Not Be Cost Effective

In the NOI, the Commission asks whether a single billing and collection agent for the four support and cost recovery mechanisms would create significant benefits for the industry.¹² LMIMS acknowledges the apparent efficiencies of a unified billing and collection function. LMIMS, however, has carefully reviewed this issue in connection with its implementation of the Local Number Portability Cost Recovery Order and concluded that a third party billing and collection agent, as it applies to local number portability contributions, would not yield any cost savings or operational efficiencies. Instead, a third party agent would require the creation of duplicative systems to calculate and maintain usage and billing information. LMIMS has concluded that the maintenance of separate and duplicative billing and collection systems would undoubtedly result in coordination and customer service problems.¹³

For example, under the usage based pricing mechanism now in place for local number portability, service providers directly access the local number portability database and related services, and their monthly billing statements must be tailored to reflect their

¹¹ *Id.*

¹² *See NOI* at ¶ 63.

¹³ LMIMS reached these conclusions as part of its effort to determine the most effective approach to meeting the billing and collection requirements for the local number portability administrator set forth in the Local Number Portability Cost Recovery Order.

individual usage profile for the billing month. The service provider's bills also will vary month-to-month and region-by-region.¹⁴ The LNPA, therefore, must maintain a high degree of direct interaction with its telecommunications service provider customers with regard to their individual billing issues. To successfully support this relationship, the LNPA must maintain an accounting system that encompasses the maintenance of raw billing information, as well as customer service information. A third-party billing and collection agent would have to maintain a similar parallel system in order to perform adequately local number portability billing and collection functions. Furthermore, those systems would then need to be coordinated so that each of the LNPAs and the billing and collection agent would be able to access all current information to ensure effective customer service. Such duplication is not efficient or cost effective. The LNPA, therefore, should remain responsible for local number portability billing and collection functions.


III. CONCLUSION

Reducing and streamlining telecommunications service providers' regulatory reporting burdens is consistent with the requirements of the 1996 Telecommunications Act and serves the public interest. LMIMS supports the Commission's efforts in this proceeding, but strongly recommends that the Commission not include local number portability in any unified billing and collection system for service provider contributions. The unique nature of the local number portability cost structure and billing and collection function does not permit this cost recovery mechanism to be treated the same as the other cost recovery and support mechanisms at issue in this proceeding. LMIMS remains

¹⁴ The region-by-region variation discussed here also prevents local number portability from being part of a nationwide billing and collection system.

committed, however, to working with the Commission and the industry to establish the most efficient, cost effective and streamlined administration of local number portability as possible.

Respectfully submitted,

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October 30, 1998

Certificate of Service

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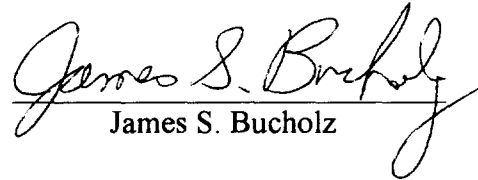
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